

Accounting for Expenditures and Other Financing Uses

When the resources of a fund decrease, the decrease is the result of *expenditures*, *expenses*, or *interfund transfers*.

Expenditures

Expenditures are decreases in net spendable resources. They include expenses (the term used in the proprietary funds), payments toward the retirement of long-term debt, and capital outlay for acquisition of long-term assets, such as land, buildings, and equipment.

Account numbers 1000–7499 and 7651–7699 are used to record a local educational agency's (LEA's) expenditures.

Interfund Transfers

Interfund transfers are flows of assets without equivalent flows of assets in return and without a requirement for repayment. The two major categories of interfund transfers are:

1. *Residual equity transfers.* Residual equity transfers are nonrecurring or nonroutine transfers of equity between funds. Examples of transfers of this type are (1) transfers of residual balances of discontinued funds to the General Fund; and (2) nonroutine contributions of Internal Service Fund capital by the General Fund.
2. *Operating transfers.* Operating transfers, which comprise all interfund transfers other than residual equity transfers, are routine, legally authorized transfers between funds. Examples of operating transfers are (1) transfers from the General Fund to a Special Revenue or Capital Projects Fund; and (2) operating subsidy transfers from the General Fund to an Enterprise Fund.

Both residual equity transfers and operating transfers are nonreciprocal interfund activities. Reciprocal interfund activities, such as interfund loans and interfund services provided and used, are not recorded as interfund transfers.

Interfund transfer accounts are closed at the end of the fiscal year in the same manner as that used for closing expenditure accounts.

Account numbers 7610–7629 are used to record an LEA’s interfund transfers.

Recognition of Expenditures and Operating Transfers

Expenditures of governmental funds are accounted for on the *modified accrual basis*. Expenditures, if measurable, are therefore recorded (recognized) during the accounting period in which liabilities are incurred. The only exception is unmatured interest on general long-term debt.

Policies governing expenditure recognition will continue as currently established:

1. Expenditures and transfers out are recorded when the related liabilities, if measurable, are incurred except for unmatured interest on general long-term debt, which is recognized when due.
2. Accruals for accounts payable at the end of the fiscal year are recorded for services rendered or for goods received by June 30.

Expenses of proprietary and trust funds are accounted for on the *accrual basis*. Expenses, if measurable, are recognized during the period in which they are incurred.

Transfers out are recognized during the accounting period in which the interfund transfer obligation arises.

Recognition of Legal Obligations in Reporting for Federal Grants

Legal obligations are commitments made by an LEA to purchase goods or services immediately or in a future period. Commitments are generally made in the form of a purchase order or a written contract. For purposes of accounting at year-end, obligations for future periods are not reflected in the current year’s books. Rather, the obligated goods or services are recognized in the following year’s books, when the goods or services are actually received.

But for purposes of grant reporting, federal funding may be claimed under a current-year grant for certain qualifying legal obligations incurred by the end of the grant period, even though the goods or services will not be received until after the grant period ends. *The question of whether or not an obligation is claimable for funding under a current-year grant is determined by what the obligation is for.* The following illustration from the Education Department General Administrative Regulations (EDGAR) *Code of*

Federal Regulations (CFR), Title 34, Part 76.707, shows when various commitments are considered to be legal obligations.

<i>If the obligation is for . . .</i>	<i>The legal obligation is made . . .</i>
Acquisition of real or personal property	On the date on which the LEA makes a binding written commitment to acquire the property
Personal services by an employee of the LEA	When the services are performed
Personal services by a contractor who is not an employee of the LEA	On the date on which the LEA makes a binding written commitment to obtain the services
Performance of work other than personal services	On the date on which the LEA makes a binding written commitment to obtain the work
Public utility services	When the LEA receives the services
Travel, conferences	When the travel is taken or conference attended
Rental of real or personal property	When the LEA uses the property

On the basis of the previous illustration, an example of a legal obligation that would not qualify for funding under a current-year grant ending June 30 is the cost of a conference to be held in July. Regardless of when a purchase order or contract is signed, that legal obligation occurs when the conference is attended, not before.

When funds are claimed for legal obligations under a current-year grant, unexpended federal revenue will remain in the books at year-end because the expenditures for the legal obligations will not occur until the following year. The unexpended revenue is deferred by decreasing the income account in the current year's books and increasing the income account in the following year's books. The grant revenues claimed for the current year for grant reporting purposes will therefore exceed the federal grant funds recognized in the current year's books.

An example follows:

	<i>Grant Claim (ends 6/30)</i>	<i>Current- Year Books (as of 6/30)</i>	<i>Subsequent- Year Books (begin 7/1)</i>
Federal Revenue Received	100	100	
Federal Revenue Deferred		(20)	20
Subtotal, Revenue	100	80	20
Actual Expenditures	80	80	20
Legal Obligations	20		
Subtotal, Expenditures/Obligations	100	80	20

This is a normal difference between governmental accounting principles and grant reporting procedures.

Classifications

Fund

Because expenditures are authorized by appropriations specifically related to funds, they must first be classified by fund. Expenditures and other financing uses must then be classified further to provide useful information to management.

Program

Program classification provides information on the overall purposes or objectives of expenditures. Descriptions of the various programs operated by LEAs are presented in Procedure No. 701.

Object

Object classification refers to the items purchased or the types of services obtained. Descriptions of the objects of expenditure used by LEAs are shown on pages 401-5 through 401-26.

The *Education Code* limits an LEA's expenditures to amounts appropriated for the several major expenditure classes in the LEA's budget as adopted or as subsequently revised. To allow budgetary control of expenditures, the budget and all documents dealing with appropriations must be prepared using the same classifications as employed in accounting for expenditures. Similarly, financial reports for local, county, state, or federal use should use the same classifications.

LEA officials who have direct knowledge of the nature and purpose of each expenditure should designate the appropriate expenditure classification on the orders, requisitions, or contracts at the time that commitments are made. Accounts to be charged should be identified when goods or services are ordered or when employees are assigned or reassigned.

Where feasible, notices of employment, contracts, and other LEA documents relating to expenditures or commitments that will result in expenditures should bear the program and object classifications for review and approval by the county office of education. The inclusion of these classifications on the documents permits the prompt settling of any questions concerning the classification of expenditures. One decision regarding expenditure classification can thus serve for multiple disbursements, such as monthly salary payments, to be made at future dates.

Whether or not expenditure classifications are shown on commitment documents, all LEA warrant orders should show the expenditure classifications applicable to the disbursement. In examining and approving such orders, county offices should make sure that the expenditure classifications are correct. They should serve as coordinating officers to ensure that school districts understand and uniformly apply the guidance contained in this manual. When necessary, county offices should confer with school districts regarding any seemingly incorrect expenditure classification and advise the school district of any changes made by the county office.

When county offices draw requisitions on school district funds in those relatively infrequent instances in which they are authorized or required by law to initiate disbursements, county offices should designate the expenditure classifications applicable to such disbursements and inform the districts of the date, payee, purpose, amount, and expenditure classification of each requisition so drawn. They should also notify the districts of (1) the date, purpose, amount, and expenditure classification of any withdrawal from the funds of the school district other than by district order or county superintendent's requisition; and (2) the amounts withheld from apportionments of state funds to be treated as expenditures, such as the amounts withheld for district repayments of school building apportionments.

The expenditure classifications should be designated on every warrant or warrant register so that county offices can maintain the accounting records of expenditures necessary for budgetary control of expenditures and annual reporting purposes.

School districts and county offices are required to report expenditures in accordance with defined object classifications. They may establish *subclassifications* of required object classifications to capture additional data for their own internal reporting requirements.

Objects of expenditure represent all goods or services that may be purchased. Examples are salaries, supplies, and equipment.

Use of Objects of Expenditure (Expense) Classifications

Objects of expenditure may be classified in many different ways. They may be grouped under summary headings or presented in great detail. Grouping them under summary headings saves space, but at the expense of clarity. Greater detail improves clarity, but is more costly. In practice, considerable detail is used in developing budgets and recording expenditures. Then, for reporting purposes, the detail is summarized under more general classification headings.

All objects of expenditure listed in this section must be maintained by all school districts and county offices in their day-to-day accounting of expenditures. The use of

these objects will facilitate the preparation of budgets and the various financial reports requested by federal, state, county, and local agencies.

County offices must maintain minimum budgetary control of school districts' accounts on the following major object of expenditure classifications:

- 1000 Certificated Personnel Salaries
- 2000 Classified Personnel Salaries
- 3000 Employee Benefits
- 4000 Books and Supplies
- 5000 Services and Other Operating Expenditures
- 6000 Capital Outlay
- 7000 Other Outgo

1000–1999 Certificated Personnel Salaries

Certificated salaries are salaries for positions that require a credential or permit issued by the Commission on Teacher Credentialing. Typical job classifications for certificated personnel are shown in Exhibit 401-1, Analysis of Salaries, at the end of this procedure.

Salaries paid to an employee on leave of absence continue to be charged in the same manner and to the same account classification applicable while the employee was in active service for the LEA.

1100 *Teachers' Salaries*

Record the full-time, part-time, and prorated portions of salaries for all certificated personnel employed to teach the pupils of the district or pupils in schools maintained by the county office. Include salaries for teachers of children in homes or hospitals, all special education resource specialists and teachers, substitute teachers, and instructional television teachers.

The separate recording of teachers' salaries is required by provisions of *Education Code* Section 41011 and is limited to salaries of certificated employees paid to teach the pupils of the district or pupils in schools maintained by the county office.

The following comments, interpretations, and definitions are included to guide school officials in determining whether a total salary or a portion of a salary should be recorded as Object 1100, Teachers' Salaries.

The total salary is recorded in Object 1100, Teachers' Salaries, under the following conditions: The teacher is an employee of the district or county office in a position requiring certification qualifications. The teacher's duties require her or him to teach district pupils for at least one full instructional

period on each school day for which she or he is employed, and she or he is assigned no duties other than those that are connected with or are extensions of classroom teaching. Such activities are limited to the following:

1. Preparation for and evaluation of classroom work
2. Extracurricular activities that arise from and are an extension of classroom work (e.g., class or club sponsorship, supervision at school functions)
3. Management and instruction in a study hall
4. Duties ordinarily assigned to certificated personnel in connection with the custody and control of pupils at recess, at lunchtime, after school, or at other times

The salary must be prorated under the following conditions:

If a certificated employee teaches for at least one instructional period on each day that she or he is employed to teach and is also assigned other duties neither in connection with nor as extensions of classroom teaching, his or her salary must be prorated and recorded in Object 1100, Teachers' Salaries, and in the other objects that provide for recording the expenditures for the other assignment. The amount to be recorded in Object 1100, Teachers' Salaries, is the product of the employee's complete salary and the fraction of the full-time school day of the employee spent as a classroom teacher in the performance of duties in connection with or as an extension of classroom teaching, as limited herein. The remaining portion is then charged to the object in which expenditures for the other assignment are recorded. Some of the other assignments may pertain to work outside the field of teaching. If a teacher performs such assignments, a portion of the teacher's salary must be prorated to objects other than 1100, Teachers' Salaries.

The term *other assignments* includes but is not limited to assignments usually and specifically assigned to certificated persons employed in the following types of positions:

1. General supervisors, coordinators, directors, specialists, consultants, supervisors of special subjects or grades, and certificated assistants
2. Chairperson of an academic department
3. Principals, vice principals, assistant principals, deans, and assistant deans in individual schools

4. Librarians, assistant librarians, computer lab or audiovisual personnel, counselors, nurses, psychologists, psychometrists, audiometrists, and guidance and attendance personnel

The term *other assignments* also includes but is not limited to assignments usually and specifically given to persons in the classified service employed as school bus driver, custodian, secretary to the governing board, or supervisor of transportation. The job description defines the expenditure code used. For example, the salary of a teacher who works half a day as a teacher and half a day as a custodian would be prorated between Object 1100 and Object 2400.

1200 *School Administrators' Salaries*

Record the full-time, part-time, and prorated portions of salaries of principals, vice principals, administrative deans in individual schools, and other personnel performing similar duties.

1300 *Supervisors' Salaries*

Record the full-time, part-time, and prorated portions of salaries for certificated personnel engaged in instructional supervision, including general supervisors, coordinators, directors, consultants, and supervisors of special subjects or grades and their certificated assistants.

Note: The term *supervision* is used to designate those activities having as their purpose the actual improvement of instruction under the direction of supervisors and assistants. Such activities include (1) personal conferences with teachers on instructional problems; (2) classroom visitations; (3) group conferences with teachers; and (4) demonstration teaching.

1400 *Librarians' Salaries*

Record the full-time, part-time, and prorated portions of salaries of all certificated personnel performing the services of a librarian.

1500 *Guidance, Welfare, and Attendance Salaries*

Record the full-time, part-time, and prorated portions of salaries of social workers and all certificated personnel doing pupil personnel work; salaries of psychologists and psychometrists; and salaries of counselors.

1600 *Physical and Mental Health Salaries*

Record the full-time, part-time, and prorated portions of salaries in payment of health services rendered by physicians, oculists, dentists, dental hygienists,

nurses, optometrists, school audiometrists, psychiatrists, otologists, chiropodists, and such other personnel who are authorized in the field of physical and mental health and who are on the payroll of the LEA. These positions require a services credential or a valid credential and a certificate to practice issued by the relevant Board of Examiners (*Education Code* sections 44872–44879 and 49422).

1700 *Superintendents' Salaries*

Record the full-time, part-time, and prorated portions of salaries of superintendents and of deputy, associate, area, and assistant superintendents in school districts and county offices (*Education Code* sections 35028, 35029, 35030, 44065, 44066, and 44069).

1800 *Administrators' Salaries*

Record the full-time, part-time, and prorated portions of salaries of certificated noninstructional personnel, including administrative assistants and directors of administrative activities, such as pupil services or special projects.

1900 *Other Certificated Salaries*

Record the full-time, part-time, and prorated portions of salaries for all certificated personnel who do not fall within one of the categories previously specified. Examples of such personnel are special education and/or other program specialists, certificated civic centers employees, resource teachers not performing duties as classroom teachers, and certificated noon playground supervisors.

2000–2999 Classified Personnel Salaries

Classified salaries are salaries for services that do not require a credential or permit issued by the California Commission on Teacher Credentialing. Typical job classifications for classified personnel are shown in Exhibit 401-1 at the end of this procedure.

Salaries paid to an employee on leave of absence shall continue to be charged in the same manner and to the same account classification as was applicable while the employee was in active service for the LEA.

2100 *Instructional Aides' Salaries*

Record total salaries paid to instructional aides who are required to perform any portion of their duties under the supervision of a classroom teacher or

under the supervision of a special education resource specialist teacher (*Education Code* Section 41011). This object also includes other noncertificated instructional personnel, such as classified coaches or tutors.

2200 *Administrators' Salaries*

Record the full-time, part-time, and prorated portions of salaries of supervisory personnel who are business managers, controllers, directors, chief accountants, supervisors, purchasing agents, assistant superintendents, and superintendents. Include governing board members and personnel commission members. (For assistant superintendents and superintendents, see *Education Code* sections 35028, 35029, 35030, 44065, 44066, and 44069.)

2300 *Clerical and Other Office Salaries*

Record the full-time, part-time, and prorated portions of salaries paid to clerks, secretaries, accountants, bookkeepers, programmers and data processors, and others in similar positions.

2400 *Maintenance and Operations Salaries*

Record the full-time, part-time, and prorated portions of salaries paid to maintenance and operations personnel as follows:

Maintenance: carpenters, painters, plumbers, electricians, and other similar positions

Operations: custodians, matrons, general utility workers, firefighters, dairy workers, guards, gardeners, elevator operators, warehouse workers, delivery personnel, truck drivers, and other similar positions

2500 *Food Services Salaries*

Record the full-time, part-time, and prorated portions of salaries of nutritionists, cooks, helpers, and all other food service personnel except those engaged in the management of the food services program on a district-wide basis. The salary of a classified director of food services at a single site is recorded as Object 2500, Food Services Salaries.

The salary of a classified director of food services, if service is provided district-wide, is recorded as Object 2200, Administrators' Salaries.

2600 *Transportation Salaries*

Record the full-time, part-time, and prorated portions of salaries paid to bus drivers, mechanics, field coordinators, gasoline pump attendants, and all other personnel whose assignments are related to the transportation of students.

2900 *Other Classified Salaries*

Record the full-time, part-time, and prorated portions of salaries not identifiable with Objects 2100 through 2600 (e.g., noon supervision personnel, students, community aides, health aides, library aides, and building inspectors).

3000–3999 Employee Benefits

Record employers' contributions to retirement plans and health and welfare benefits, including cash in lieu of benefits for employees, their dependents, retired employees, and board members.

3100 *State Teachers' Retirement System*

Record expenditures to provide personnel with retirement benefits under the State Teachers' Retirement System (STRS), excluding employee contributions.

- 3110 STRS—Instructional
- 3120 STRS—Noninstructional

3200 *Public Employees' Retirement System*

Record expenditures to provide personnel with retirement benefits under the Public Employees' Retirement System (PERS), excluding employee contributions.

- 3210 PERS—Instructional
- 3220 PERS—Noninstructional

3300 *Social Security* (Old Age, Survivors, Disability, and Health Insurance [OASDI])

Record expenditures to provide employee benefits under the federal Social Security system, including expenditures to “qualifying” alternative retirement plans for employees not covered under the Social Security system, STRS, or PERS and excluding employee contributions.

- 3310 Social Security—Instructional
- 3320 Social Security—Noninstructional
- 3330 Medicare—Instructional

- 3340 Medicare—Noninstructional
- 3350 Retirement In Lieu of OASDI—Instructional
- 3360 Retirement In Lieu of OASDI—Noninstructional

3400 *Health and Welfare Benefits*

Record expenditures made to provide personnel with health and welfare insurance benefits, excluding employee contributions but including benefit amounts transferred to a Self-Insurance Fund or Retiree Benefits Fund.

- 3410 Health and Welfare Benefits—Instructional
- 3420 Health and Welfare Benefits—Noninstructional

3500 *State Unemployment Insurance*

Record expenditures made to provide personnel with unemployment compensation.

- 3510 Unemployment Insurance—Instructional
- 3520 Unemployment Insurance—Noninstructional

3600 *Workers' Compensation Insurance*

Record expenditures made to provide personnel with workers' compensation benefits, including benefit amounts transferred to a Self-Insurance Fund.

- 3610 Workers' Compensation Insurance—Instructional
- 3620 Workers' Compensation Insurance—Noninstructional

3900 *Other Benefits*

Record the payment for tax-sheltered annuities, deferred compensation, cash-in-lieu, Golden Handshake, and other employee benefits not specified above.

- 3910 Other Benefits—Instructional
- 3920 Other Benefits—Noninstructional

4000–4999 Books and Supplies

Record expenditures for books, supplies, and other noncapitalized property, including cost of sales/use tax, freight, and handling charges.

4100 *Approved Textbooks and Core Curricula Materials*

Record expenditures for classroom instructional materials designed for use by pupils and their teachers as the basic curriculum adopted by the State Board of Education or the school district governing board for required subject matter. Instructional materials may be printed or be provided in some other form and may consist of textbooks, technology-based materials, and other educational materials, such as manipulatives (*Education Code* Section 60010[h]). Include all costs for consumable materials available in the approved series, such as kits, audiovisual materials, or workbooks.

Teacher manuals and teacher editions relate to the specific basic or supplementary textbooks and are intended for use by teachers rather than pupils. They are part of the approved curriculum used in the classroom and are part of Object 4100.

For high school, including grades nine through twelve, the costs of textbooks adopted for use as high school textbooks by the governing board of the district under the provisions of *Education Code* Section 60400 shall be recorded as Object 4100, Textbooks.

LEAs should have a mechanism for tracking expenditures for books and materials purchased with funds apportioned by the state for instructional materials purposes under *Education Code* Section 60242.

4200 *Instructional Books Other Than Textbooks*

Record expenditures for (1) books that have not been adopted by the proper authority for use as basic curricula; (2) books, such as reference books, available for general use by students, even though such books may be used solely in the classroom; and (3) all other materials used for reference.

Generally, the purchase of library books or other reference materials is recorded as Object 4200. However, expenditures for library books to stock a new school library or for material expansion are recorded as Object 6300, Books and Media for New School Libraries or Major Expansion of School Libraries.

Consumable materials other than those directly related to adopted curricula (Object 4100) have a limited shelf life (under a year). Expenditures for periodicals, magazines, workbooks, test materials, drill books, exercise pads, bulletins of the California Department of Education, and the like are recorded as Object 4300, Instructional Materials and Supplies.

LEAs should have a mechanism for tracking expenditures for books and materials purchased with funds apportioned by the state for instructional materials purposes under *Education Code* Section 60242.

4300 *Instructional Materials and Supplies*

Record expenditures for consumable materials and supplies and other noncapitalized items of property to be used by students, teachers, and other personnel in connection with the instructional program. Include all tests, periodicals, magazines, workbooks, instructional media materials, audiovisual materials, and any other supplies used in the classroom or library. Expenditures for rentals of materials are recorded as Object 5600, Rentals, Leases, and Repairs.

LEAs should have a mechanism for tracking expenditures for books and materials purchased with funds apportioned by the state for instructional materials purposes under *Education Code* Section 60242.

4400 *Noncapitalized Equipment*

Record expenditures for movable personal property of a relatively permanent nature that has an estimated useful life greater than one year and an acquisition cost less than the LEA's capitalization threshold but greater than the LEA's inventory threshold per *Education Code* Section 35168 or local policy.

4500 *Other Supplies*

Record expenditures for supplies and noncapitalized items of property used in support services and auxiliary programs (except as defined in Object 4600 and 4700), such as custodial, gardening, and maintenance supplies; supplies for operation, repair, and upkeep of equipment, buildings and grounds, and vehicles; and medical and office supplies.

4600 *Pupil Transportation Supplies*

Record expenditures for fuel, oil, tires, parts for repair, small tools, and other similar items.

4700 *Food Services Supplies*

Record under the appropriate subclassification expenditures for all food and supplies used in food service programs or in a particular program or project.

4710 Food

Record expenditures other than for instructional purposes for food used in food services programs (breakfast, snacks, lunch, and other similar items).

Expenditures for food used for instruction in a regular classroom (e.g., in a cooking class) are recorded as Object 4300, Instructional Materials and Supplies.

4790 Other Food Services Supplies

5000–5899 Services and Other Operating Expenditures

Record expenditures for services, rents, leases, maintenance contracts, dues, travel, insurance, utilities, legal, and other operating expenditures. Expenditures may be authorized by contracts, agreements, purchase orders, and so forth.

5100 Personal Services of Instructional Consultants, Lecturers, and Others

Record expenditures for personal services of consultants, lecturers, and others who provide direct assistance to teachers or pupils or to the curriculum or health programs. Include the services of organizations such as the Western Association of Schools and Colleges (WASC). Services provided under interdistrict agreements between school districts and/or county offices shall be recorded as Object 5800, Other Services and Operating Expenditures.

LEAs should have a mechanism for tracking expenditures for books, materials, and services purchased with funds apportioned by the state for instructional materials purposes under *Education Code* Section 60242.

5200 Travel and Conferences

Record actual and necessary expenditures incurred by or for employees and other representatives of the LEA for travel and conferences (*Education Code* sections 35044 and 44032). Other representatives may include students who are representing the LEA.

5300 Dues and Memberships

Record the expenditures or assessments for membership in professional or other organizations or payments to a paying agent for services rendered (*Education Code* Section 35172).

5400 *Insurance*

Record under the appropriate subclassification expenditures for all forms of insurance other than employee benefits.

5440 Pupil Insurance

Record expenditures for accidental death insurance and medical and hospital insurance for pupils.

5450 Other Insurance

Record expenditures for all forms of insurance other than pupils' insurance, such as fire and theft liability and fidelity bond premiums.

5500 *Utilities and Housekeeping Services*

Record expenditures relating to operation of the buildings and grounds for water, fuel, light, power, telephone, waste disposal, laundry and dry cleaning (such as cleaning of drapes and laundering of curtains), and so forth. Include contracts for the services. Fuel for operation of buses used in pupil transportation should be charged to Object 4600.

5600 *Rentals, Leases, Repairs, and Noncapitalized Improvements*

Record expenditures for rentals, leases without option to purchase, and repairs or maintenance by outside vendors of sites, buildings, and equipment. Include expenditures for site or building improvements that do not meet the LEA's threshold for capitalization. Capital leases should be recorded according to the accounting for lease/purchase agreements in Procedure 805 of this manual.

5700 *Direct Costs for Interprogram/Interfund Services*

Record the transfers for direct costs of services provided within a fund or on an interfund basis. Typical transfers in this account will be services provided or products developed by the LEA, such as maintenance and repair of duplicating, audiovisual, or other equipment; photocopying expenses; field trips; district vehicle use; and information technology expenses. Transfers to this account shall be recorded within the following classifications:

5710–5749 Direct Costs for Interprogram Services

Record the transfers for direct costs of services within a fund. This account series must net to zero at the fund level.

5750–5799 Direct Costs for Interfund Services

Record the transfers for direct costs of services provided on an interfund basis. This account series will reflect a balance at the fund level but only for the amount of between-funds costs. The total between-funds debit and credit transactions must net to zero.

5800 *Other Services and Operating Expenditures*

Record expenditures to nonpublic, nonsectarian schools for the education of exceptional children for whom no appropriate services are available or can be provided. (These expenditures shall be excluded from the current cost of education for the Teachers' Salaries computation.)

Note: Expenditures for excess costs and/or deficits in Special Education paid to provider districts or county offices should be charged to Objects 7131–7133.

Record expenditures for all advertising, including advertising for such items as bond sales, contract bidding, and personnel vacancies.

Record expenditures for judgments, penalties, legal advice, attorneys, hearing officers, elections, audits, and other similar costs.

Record expenditures for professional and personal services related to noninstructional programs.

Record expenditures for such services as administration, bus transportation, audiovisual services, and library services.

Record assessments for other than capital improvements, including state assessment for nonuse of school sites.

Record expenditures for surveys and appraisals of sites not purchased. Expenditures for surveys, appraisals, and assessments in connection with site purchases and/or improvements are recorded as Object 6100, Sites and Improvement of Sites.

Record expenditures not otherwise specified, such as payments of interest on loans repaid within the fiscal year; payments for damages to personal property; expenditures for fingerprints, physicals, and x-rays required for employment; and similar items.

Debt issue costs, including underwriter discounts and fees, should be recorded here. If long-term debt is issued at a discount, the discount should be recorded in Object 7699.

5900 *Intergovernmental Fees* (Optional)

Fees charged to LEAs by other local governmental agencies (not other LEAs), such as counties, cities, and special districts, for required services may be recorded separately. Such fees include those charged for health, building, and operating inspections and permits; plan reviews; and utility connection fees. These charges typically relate to emissions, fuel tank operations, hazardous waste generation, chemical storage, food safety, water safety, and fire safety. Examples of departments and special districts that assess these fees include the following: Air Pollution Control, Environmental or Public Health Services, Fire Department, and Public Water Control.

6000–6999 *Capital Outlay*

Record expenditures for sites, buildings, books, and equipment, including leases with option to purchase, that meet the LEA's threshold for capitalization. LEAs should record in Objects 6000–6999 only those items they intend to capitalize for purposes of the government-wide statements required by GASB Statement 34.

6100 *Sites and Improvement of Sites*

Record expenditures for each of the following:

Acquisition of land and additions to old sites and adjacent ways. Include incidental expenditures in connection with the acquisition of sites, such as appraisal fees, search and title insurance, surveys, and condemnation proceedings and fees. If a site is not purchased after the appraisal or survey, record the expenditure under Object 5800, Other Services and Operating Expenditures. Include costs to remove buildings on newly acquired sites.

Improvement of new and old sites and adjacent ways. Include such work as grading, landscaping, seeding, and planting shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers, and storm drains; installing hydrants; treating soil and surfacing athletic fields and tennis courts for the first time; furnishing and installing, for the first time, fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks that are not parts of building service systems; and doing demolition work in connection with improvement of sites.

Leasehold improvements to sites. Include costs of site improvements to leased property.

Payment of special assessments. Include assessments against the school district for capital improvements, such as streets, curbs, sewers, drains, and pedestrian tunnels, whether on or off school property.

Site improvements that do not meet the LEA's threshold for capitalization should be recorded in Object 5600.

6200 *Buildings and Improvements of Buildings*

Record costs of construction or purchase of new buildings and additions and replacements of obsolete buildings, including related advertising; architectural and engineering fees; blueprinting; inspection service (departmental or contractual); tests and examinations; demolition work in connection with construction of new buildings; installation of plumbing; installation of electrical, sprinkling, and warning devices; installation of heating and ventilating fixtures, attachments, and built-in fixtures; and other expenditures directly related to the construction or acquisition of buildings. Include leasehold improvements.

Building improvements that do not meet the LEA's threshold for capitalization should be recorded in Object 5600.

6300 *Books and Media for New School Libraries or Major Expansion of School Libraries*

Record expenditures for books and materials for new and expanded libraries when such expenditures are substantial and meet the LEA's threshold for capitalization.

6400 *Equipment*

Record expenditures for movable personal property that have both an estimated useful life of over one year and an acquisition cost that meets the LEA's threshold for capitalization. Examples of equipment are vehicles, machinery, computer systems, and playground equipment. Equipment is defined in Procedure 801 of Part I of this manual.

Piece-for-piece replacements of equipment are recorded under Object 6500, Equipment Replacement, if the unit cost meets the LEA's capitalization threshold.

Initial built-in fixtures that are integral parts of the building or building service system are recorded under Object 6200, Buildings and Improvement of Buildings.

Equipment that does not meet the LEA's threshold for capitalization should be recorded in Object 4400.

6500 *Equipment Replacement*

Record expenditures for equipment replaced on a piece-for-piece basis as defined in Procedure No. 801 of this manual.

Replacement of equipment that does not meet the LEA's threshold for capitalization should be recorded in Object 4400.

Note: An LEA may use a day labor or force account within the limits of the law (*Public Contract Code* Section 20114) to improve new or old sites, construct or improve buildings, and fabricate equipment. The expenditures for such day labor or force account, including materials, shall be a direct charge to the Facilities program. Such expenditures may include salaries of maintenance personnel (Object 2400, Maintenance and Operations Salaries), fringe benefits (Object 3000, Employee Benefits), and necessary materials and supplies (Object 4500, Other Supplies).

6900 *Depreciation Expense*

This object code is applicable to proprietary or fiduciary funds only. Record the portion of the cost of a capital asset charged as an expense during the fiscal year. In accounting for depreciation, the cost of a capital asset, less any anticipated salvage value, is prorated over the estimated useful life of the asset and each period is charged with a portion of the cost. Through this process, the cost of the asset, less salvage value, is ultimately charged off as an expense.

7000 Other Outgo

7110–7199 *Tuition*

7110 Tuition for Instruction Under Interdistrict Attendance Agreements

Record expenditures for tuition under interdistrict attendance agreements incurred as a result of a district's realizing a reduction of 25 percent or more in IASA (Improving America's Schools Act), Title VIII, Impact Aid (formerly PL 81-874) funds if the average daily attendance of pupils residing within the district is credited to the district of attendance (*Education Code* Section 46607[b]).

7121–7123 *Regional Occupational Centers/Programs (ROC/Ps)*

Record payments for tuition, excess costs, and/or deficits paid to regional occupational centers or programs operated by other school districts or county offices under a joint powers agreement/agency (JPA).

- 7121 Payments to School Districts
- 7122 Payments to County Offices
- 7123 Payments to JPAs

7131–7133 *Special Education Excess Costs and/or Deficits*

Record payments for tuition, excess costs, and/or deficits paid to programs operated by school districts, county offices, or JPAs.

Record expenditures for regionalized services, in excess of those required in law, provided by another school district or county office pursuant to an approved local plan for Special Education.

- 7131 Payments to School Districts
- 7132 Payments to County Offices
- 7133 Payments to JPAs

7140 *State Special Schools*

Record payments for students placed in state special schools.

7190 *Other Tuition, Excess Costs, and/or Deficits*

Record payments for tuition, excess costs, and/or deficits not otherwise identified.

7200–7299 *Other Transfers Out*

7211–7213 *Transfer of Pass-Through Grants*

Record disbursements of pass-through grants to school districts, county offices, or JPAs in which the recipient LEA has administrative involvement only for the grants (i.e., the recipient LEA does not also have a responsibility to operate the project).

- 7211 Transfers of Pass-Through Revenues to Districts
- 7212 Transfers of Pass-Through Revenues to County Offices
- 7213 Transfers of Pass-Through Revenues to JPAs

7221–7223 *Special Education Local Plan Area (SELPA) Transfers*

Record transfers of special education apportionments to school districts, county offices, or JPAs.

- 7221 SELPA Transfers of Apportionments to Districts
- 7222 SELPA Transfers of Apportionments to County Offices
- 7223 SELPA Transfers of Apportionments to JPAs

7231–7233 *ROC/P (Regional Occupational Center/Program) Transfers*

- 7231 ROC/P Transfers of Apportionments to Districts
- 7232 ROC/P Transfers of Apportionments to County Offices
- 7233 ROC/P Transfers of Apportionments to JPAs

7270 *PERS Reduction from Revenue Limit*

Record the transfers of funds from the LEA to the state as a result of the PERS Reduction adjustment to the Revenue Limit.

7280 *Charter School Transfers of Funding In Lieu of Property Taxes*

Record the transfers of funding in lieu of property taxes from the sponsoring LEA to its charter school (*Education Code* Section 47635).

7291–7299 *All Other Transfers Out*

Record all other transfers between entities, such as transfers of funds to community facilities districts (Mello-Roos Community Facilities Districts).

- 7291 All Other Transfers Out to Districts
- 7292 All Other Transfers Out to County Offices
- 7293 All Other Transfers Out to JPAs
- 7299 All Other Transfers Out

Note: Interdistrict payments for specific services provided to one LEA by another (such as health, administration, instruction, or transportation services), excluding payments for Special Education excess costs and/or deficits, should be charged to Object 5100, Personal Services, or 5800, Other Services and Operating Expenditures, as appropriate. When such an interdistrict payment is received, it must be accounted for and recorded on any financial reports of the LEA receiving the payment as revenue in Object 8677, Interagency Revenues, or Object 8676, Transportation Services.

Example:

Two school districts contract with each other for pupil transportation services. The following procedure is used in reporting such transactions:

District A, which receives pupil transportation services, charges Object 5800, Other Services and Operating Expenditures, and the Pupil Transportation program.

District B, which performs the services, records revenue (reimbursement from district A) in Object 8676, Transportation Services. The costs incurred in providing the services are charged to the nonagency educational program.

7300–7399 *Direct Support/Indirect Costs*

Objects in this group are used to record transfers of direct support costs for direct and indirect support costs within or between funds. (See the discussion of accounting for support services in Procedure No. 702.)

7310–7349 *Interprogram*

Record the transfers of direct support and indirect support costs within a fund. This series of accounts must net to zero at the fund level.

7350–7399 *Interfund*

Record the transfers of direct support and indirect support costs between funds. This series of accounts will reflect a balance at the fund level, but only for the amount of between-funds costs. The total between-funds debit and credit transactions must net to zero.

7430–7449 *Debt Service*

Object Codes 7630 through 7649, Debt Service Expenditures, were renumbered to corresponding Objects 7430 through 7449, effective beginning in fiscal year 2002-2003. The last two digits of each object remained the same.

- 7432 State School Building Repayment
- Record expenditures for the state school building loan repayments (*Education Code* Section 16090).
- 7433 Bond Redemptions
- Record expenditures to retire the principal of bonds.
- 7434 Bond Interest and Other Service Charges
- Record expenditures to pay interest and other service charges on bonds.
- 7435 Repayment of State School Building Fund Aid Proceeds from Bonds
- Record expenditures for the repayment of the State School Building Aid Fund, using the proceeds from the sale of bonds (*Education Code* Section 16058).
- 7436 Payments to Original District for Acquisition of Property
- Record expenditures to cover the liability of a newly organized district to the original district for the new district's proportionate share of the bonded indebtedness of the original district.
- 7438 Debt Service—Interest
- Record that portion of a debt service payment that represents the current interest due on the debt.
- 7439 Other Debt Service—Principal
- Record that portion of other debt service payment that represents the repayment of principal. Examples of all other debt are capital leases and certificates of participation.

7610–7629 Interfund Transfers

Record the following transfers:

- 7611 From the General Fund to the Child Development Fund

Record transfers of moneys from the General Fund to support the activities in the Child Development Fund (*Education Code* Section 41013).

- 7612 Between the General Fund and the Special Reserve Fund

Record transfers of moneys between the General Fund and the Special Reserve Funds (*Education Code* sections 42840–42843).

- 7613 To the State School Building Fund or the County School Facilities Fund from all other funds of the district

Record transfers of any moneys of the district required to be expended for the project for which such apportionment was made (*Education Code* sections 15746 and 16095).

- 7614 From the Bond Interest and Redemption Fund to the General Fund

Record transfers of moneys from the Bond Interest and Redemption Fund, after all principal and interest payments have been made, to the General Fund or to the Special Reserve Fund (*Education Code* sections 15234 and 15235).

- 7615 From the General, Special Reserve, and Building Funds to the Deferred Maintenance Fund

Record transfers of moneys from the General, Special Reserve, and/or Building Funds to the Deferred Maintenance Fund to support state matching requirements (*Education Code* sections 17582–17587 and 39619).

- 7616 From the General Fund to the Cafeteria Fund/Account for the Meals for Needy Pupils Program

Record transfers of moneys from the General Fund to the Cafeteria Fund. LEAs may record the transfer of Meals for Needy Pupils as an interfund transfer rather than as a revenue limit transfer.

7619 Other Authorized Interfund Transfers Out

Record all other authorized transfers of moneys to another fund.

7630–7649 *Debt Service*

Object codes 7630 through 7649, Debt Service Expenditures, were renumbered to corresponding Objects 7430 through 7449, effective beginning in fiscal year 2002-2003. The last two digits of each object remained the same.

7651–7699 *Other Uses*

7651 Transfers from Funds of Lapsed/Reorganized Districts

Record the disbursement of other funds under *Education Code* sections 35560 and 35561.

7699 All Other Uses

Record expenditures for other financing uses not specified previously. If long-term debt is issued at a discount, record the discount here. Debt issue costs such as underwriter discounts and fees should be recorded in Object 5800.

Exhibit 401-1 Analysis of Salaries

Certificated Salaries		Classified Salaries	
<i>Salary object classification</i>	<i>Position title</i>	<i>Salary object classification</i>	<i>Position title</i>
1100 Teachers	Teacher, Adaptive Physical Education* Teacher, Assistant* Teacher, Regular Teacher, Resource Specialist (Special Education) Teacher, Speech* Teacher, Student* Teacher, Substitute Teacher, Tutor*	2100 Instructional Aides	Instructional Aide Classified Coach Classified Tutor
1200 School Administrators	Dean Dean, Assistant Principal Principal, Assistant Principal, Vice Registrar*	2200 Administrative Personnel	Accounting, Chief Business Manager Controller Director Governing Board Member Personnel Commission Member Purchasing Agent Superintendent Superintendent, Assistant Supervisor
1300 Supervisors	Consultant Coordinator Director Specialist Supervisor, Assistant Supervisor, General Supervisor, Specialist	2300 Clerical and Other Office Personnel	Accountant Bookkeeper Clerk Computer Operator Machine Operator Secretary Switchboard Operator
1400 Librarians	Librarian Librarian, Assistant	2400 Maintenance and Operations Personnel	Custodian Custodian's Helper Delivery Person Elevator Operator Firefighter Gardener Guard Maintenance Employee Matron Other Housekeeping Position Truck Driver Utility Worker, General Warehouse Worker

*Positions not included in object definitions.

Exhibit 401-1 Analysis of Salaries (Continued)

Certificated Salaries		Classified Salaries	
<i>Salary object classification</i>	<i>Position title</i>	<i>Salary object classification</i>	<i>Position title</i>
1500 Guidance, Welfare, and Attendance Personnel	Counselor, Pupil/Parent* Psychologist Psychometrist Social Worker	2500 Food Service Personnel	Cook Director (Single Site) Helper Manager Nutritionist Supervisor
1600 Physical and Mental Health Personnel	Audiologist Audiometrist Chiropodist Dental Hygienist Dentist Nurse Oculist Optometrist Otologist Physician Psychiatrist	2600 Transportation Personnel	Bus Driver Field Coordinator Gasoline Pump Attendant Mechanic Other
1700 Superintendents	(District and county administration) Superintendent Superintendent, Assistant Superintendent, Associate Superintendent, Deputy	2900 Other Classified Personnel	Building Inspector Health Aide Library Aide Noon Playground Supervisor Recreation Worker Student
1800 Administrative Personnel	Administrative Assistant Director Director, Assistant*		
1900 Other Certificated Personnel	Civic Center Employee* Consultant* Program Specialist (Special Education included) Recreation Worker* Resource Teacher—other than Special Education		

*Positions not included in object definitions.